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THE COMMON MARKET AND 'STAGFLATION'

ANNCR:

THE EUROPEAN COMMON MARKET CONTINUES TO BE HAUNTED BY THAT MODERN-DAY ECONOMIC PHENOMENON -- STAG-FLATION. VOA'S RUSSELL DYBVIK HAS DETAILS IN THIS BACKGROUND REPORT.

VOICE:

IN EARLY APRIL, THE COPENHAGEN SUMMIT OF COMMON MARKET LEADERS SET A GOAL OF FOUR AND ONE HALF PERCENT ANNUAL ECONOMIC GROWTH -- TO BE ACHIEVED BY MID-NINETEEN SEVENTY-NINE. BUT NOW -- LESS THAN TWO MONTHS LATER -- SOME EUROPEAN OFFICIALS ARE EXPRESSING DOUBTS GOALS CAN BE MET.

STAG-FLATION IS AN ECONOMIC PHENOMENON OF THE SIXTIES AND SEVENTIES, WITH STAGNANT ECONOMIC GROWTH...HIGH LEVELS OF INFLATION...AND OFTEN HIGH UNEMPLOYMENT. THAT'S THE CURRENT SITUATION FACING THE NINE-MEMBER EUROPEAN COMMUNITY. EXPERTS AGREE IT IS ESSENTIAL THAT NATIONAL ECONOMIC POLICIES BE COORDINATED, IF RECOVERY IS TO STAND A CHANCE.

THERE-IN LIES THE COMMON MARKET'S PRINCIPAL PROBLEM. THE EUROPEAN COMMISSION -- THE E-E-C'S EXECUTIVE BODY -- HAS OUTLINED A SERIES OF MEASURES IT FEELS NATIONAL GOVERNMENTS SHOULD TAKE. AND WEST GERMANY -- FOR ONE -- DOES N O T LIKE THE PROPOSALS. BONN IS BEING URGED TO STIMULATE ITS ECONOMY IN THE HOPE OF GIVING THE ENTIRE COMMON MARKET AN ECONOMIC BOOST. BUT WEST GERMANY HAS ONE OF THE LOWEST LEVELS OF INFLATION IN THE WORLD. AND DESPITE VIRTUALLY N O ECONOMIC GROWTH DURING THE FIRST QUARTER OF THIS YEAR, BONN IS RESISTING ANY NEW ECONOMIC STIMULUS, AT LEAST UNTIL NEXT SEPTEMBER. ANY RESULTS WOULD N O T SHOW UP BEFORE SOMETIME NEXT YEAR.

EARLIER THIS WEEK, A MEETING OF COMMON MARKET FINANCE AND ECONOMIC MINISTERS RE-AFFIRMED THE NEED FOR COORDINATED ECONOMIC POLICIES. THEY HOPE TO WORK OUT A COMMUNITY STRATEGY BEFORE THE NEXT E-E-C SUMMIT, WHICH WILL BE HELD IN EARLY JULY IN THE NORTH GERMAN PORT CITY OF BREMEN. BUT WITH BONN RELUCTANT TO COMMIT ITSELF TO A PROGRAM OF EVEN LIMITED STIMULATION, IT'S UNCLEAR WHETEHR A N Y COORDINATED POLICY WOULD WORK.

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